

Report to Creeting St Peter Parish Council

The Internal Audit of the Accounts for the year ending 31 March 2021

1. Introduction and Summary.

1.1 The Internal Audit work undertaken confirmed that during the 2020/21 year the Council maintained effective governance arrangements including a robust framework of internal control and risk management. The Internal Audit review, undertaken on the documentation provided to the Internal Auditor and on the information published on the Council's website, has confirmed that the Council maintains an effective framework of financial administration and internal financial control.

1.2 By examination of the 2020/21 accounts and supporting documentation it was confirmed that the Clerk, in the role of the Council's Responsible Financial Officer (RFO), satisfactorily undertook the administration of the Council's financial affairs and produced satisfactory financial management information to enable the Council to make well-informed decisions.

1.3 The Accounts for the year confirm the following:

Total Receipts for the year: £8,750.09
Total Payments in the year: £8,083.72
Total Reserves at year-end: £18,154.43

1.4 The Annual Governance and Accountability Return (AGAR) was examined and the following figures agreed with the Clerk/RFO for inclusion in Section 2 Accounting Statements 2020/21 (rounded for purposes of the Return):

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| <i>Balances at beginning of year (1 April 2020):</i> | <i>Box 1: £17,488</i> |
| <i>Annual Precept 2020/21:</i> | <i>Box 2: £5,285</i> |
| <i>Total Other Receipts:</i> | <i>Box 3: £3,465</i> |
| <i>Staff Costs:</i> | <i>Box 4: £2,349</i> |
| <i>Loan interest/capital repayments:</i> | <i>Box 5: nil</i> |
| <i>All Other payments:</i> | <i>Box 6: £5,735</i> |
| <i>Balances carried forward (31 March 2021):</i> | <i>Box 7: £18,154</i> |
| <i>Total cash/short-term investments:</i> | <i>Box 8: £18,154</i> |
| <i>Total fixed assets:</i> | <i>Box 9: £28,701</i> |
| <i>Total borrowings:</i> | <i>Box 10: nil</i> |

1.5 Sections One and Two of the AGAR are due to be approved and signed at a forthcoming meeting of the Council. The Internal Auditor has completed the Annual Internal Audit Report 2020/21 within the AGAR.

1.6 All documents were very well presented by the Clerk/RFO for the Internal Audit.

1.7 The following Internal Audit work was carried out on the adequacy of systems of internal control. Comments and any recommendations arising from the review are made below.

2. Governance, Standing Orders, Financial Regulations and other Regulatory matters (*examination of Standing Orders, Financial Regulations, Code of Conduct, Formal Policies and Procedures, Tenders where relevant. Acting within the legal framework, including Data Protection legislation*).

2.1 New Regulations brought into effect as a result of the covid-19 pandemic enabled local councils to hold remote meetings (including by video and telephone conferencing) until May 2021 and removed the requirement to hold an Annual Council Meeting. The Council accordingly held video conferencing meetings during 2020/21 from 26 May 2020.

2.2 Standing Orders and Financial Regulations are in place. The Council reviewed, approved and adopted Standing Orders and Financial Regulations at its meeting on 15 March 2021 (Minute CSP074/20/21b refers). The documents are in line with the latest model Standing Orders and Financial Regulations and guidance published by the National Association of Local Councils (NALC).

2.3 The Council's Minutes are very well presented and provide clear evidence of the decisions taken by the Council.

2.4 As part of its overall governance arrangements, the Council agreed at its meeting on 18 January 2021 to declare a climate emergency and to ensure that, in its decisions, the Council takes into account the impact of its actions on the environment and to work with local government partners towards the aspiration of making Suffolk carbon neutral by 2030 (Minute CSP048/20/21 refers).

2.5 The Council demonstrates good practice by maintaining a range of formal Policies, Procedures and Protocols including a Communications Policy, Equal Opportunities Policy, Social Media Policy, Blogging and Social Networking Internal Procedure Protocol and Reporting at Meetings Protocol, all of which have been published on the Council's website.

2.6 The Council is registered with the Information Commissioner's Office (ICO) as a Fee Payer/Data Controller for the provision of council services (Registration ZA048115, expiring 21 May 2021 refers). A Data Protection and Information Security Policy and a Document Management Policy are in place, both having been adopted by the Council at its meeting on 15 March 2021.

2.7 A Publication Scheme, detailing information available from the Council under the model publication scheme, is in place and was also reviewed by the Council at its meeting on 15 March 2021. The document has been published on the Council's website.

2.8 A Publication Policy Overview and a document detailing Freedom of Information Approved Information available and Schedule of Charges have

also been published but are now out of date (a previous Clerk's name and address are listed). These documents should be either updated or removed from the website to avoid confusion.

2.9 The Council adopted the revised Suffolk Local Code of Conduct on 24 July 2014 for the purposes of discharging its duty to promote and maintain high standards of conduct within its area. The Council reviewed the Code at its meeting on 26 May 2020. It is good governance practice for local councils to periodically review and re-adopt the Code as this usefully highlights the requirements and responsibilities placed upon each individual Councillor.

2.10 In response to the website accessibility regulations which came into effect on 23 September 2020, the Council has published a Website Accessibility Statement which details what the Council has done to ensure that as many people as possible are able to use the website, any areas of the website that may not be fully accessible and contact details to report accessibility problems.

3. Accounting Procedures and Proper Book-keeping (*examination of entries in the Cashbook, regular reconciliations, supporting vouchers, invoices and receipts and VAT accounting*).

3.1 The Cashbook Spreadsheet was found to be in good order and well presented. Payments made under the Local Government Act 1972 (Section 137) have been separately recorded in the year. VAT payments are tracked and identified within the Cashbook Spreadsheet.

3.2 The Spreadsheet is well referenced and facilitates an audit trail to the Bank Statements and the financial information prepared by the Clerk/RFO. A sample of transactions was closely examined and was found to be in order with supporting invoices and vouchers in place.

3.3 The re-claim for £182.18 VAT paid in the year 2019/20 was received at bank on 19 May 2020. Similarly, a re-claim for £203.24 VAT paid in the year 2020/21 was submitted to HMRC on 20 April 2021.

4. Internal Control and the Management of Risk (*Review by Council of the effectiveness of internal controls, including risk assessment, and Minuted accordingly*).

4.1 The Council's Internal Control Measures and Risk Assessment Arrangements were reviewed and approved by the Council at the meeting held on 15 March 2021 (Minute CSP074/20/21a refers). The documentation provides a detailed analysis of the financial risks faced by the Council and the control measures in place to mitigate the risks identified.

4.2 The Council accordingly complied with Regulation 4 of the Accounts and Audit Regulations 2015 which requires a review by the Full Council at least once a year of

the effectiveness of the Council's system of internal control, including the arrangements for management of risk, with the review suitably Minuted.

4.3 An independent Play Equipment Inspection was undertaken by Mid Suffolk District Council in the year. At the meeting on 21 September 2020 the Council noted that the Play Area Inspection had been completed and no high risks had been identified in relation to the equipment (Minute CSP024/20/21 refers). The Council has a standing agenda item for the Play Area under which reports can be made of the current condition of equipment and any action proposed/taken. At the meeting on 15 March 2021, the Clerk/RFO reminded the Council of the importance of regular checks of the play area and of the retention of the relevant paperwork, evidencing the checks undertaken, for insurance purposes.

4.4 Insurance was in place for the year of account. The Council approved the insurance premium of £411.60 to CAS Business Ltd. for the forthcoming year at the meeting held on 21 September 2020 (Minute CSP018/20/21c refers). Employer's Liability cover and Public Liability cover each stand at £10m. The Employee/Councillor Dishonesty (fidelity guarantee) cover stands at £25,000, which meets the current recommended guidelines which provide that the cover should be at least the sum of the year-end balances plus 50% of the precept/grants.

5. Budgetary controls (*Verification of the budgetary process with reference to Council Minutes and supporting documents*).

Precept 2020/21: £5,285.00

Precept 2021/22: £5,176.00

5.1 The Draft Budget for 2020/21 was considered by the Council at its meeting on 18 November 2019 (Minute CSP83/19/20d refers). The Final Budget was approved by the Council at the meeting held on 20 January 2020, when the Precept of £5,285 was approved. The precept decision and amount have been clearly Minuted (CSP105/19/20e refers).

5.2 Similarly, a Draft Budget for 2021/22 was considered and agreed by the Council at its meeting on 16 November 2020 (Minute CPS034/20/21d) and the Final Budget was approved at the meeting on 18 January 2021 (Minute CSP052/20/21e). The Precept for the year 2021/22 was also agreed at that meeting and the decision and amount have been clearly Minuted (CSP052/20/21d refers).

5.3 The Clerk/RFO ensures the Council is aware of its responsibilities and commitments and the need for forward planning and adequate reserves. The Council has sound budgetary procedures in place. Examination of the accounts and supporting documentation for the year under review confirmed that the Council prepared detailed estimates of the annual budget and of receipts and payments.

5.4 The Overall Reserves at the year-end totalled £18,154.43 of which £10,869.13 has been Earmarked as follows:

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|--------------------------------|-----------|
| Play Area: | £4,380.51 |
| Fen Alder Carr Nature Reserve: | £2,770.06 |
| Lottery: | £3,718.56 |

5.5 The General Reserves (Overall Reserves less Earmarked Reserves) accordingly stood at £7,285.30 As at the 31 March 2021 the Council maintained sufficient reserves and contingency sums to meet, within reason, any unforeseen items of expense.

6. Income Controls (*regarding sums received from Precept, Grants, Loans and other income including credit control mechanisms*).

6.1 Receipts recorded in the Cashbook were cross referenced with the Council's Bank Statements on a sample basis and were found to be in order.

6.2 The Council operates a Village Lottery having resolved at its meeting on 20 September 2011 to take over the Bonus Ball previously run by the Community Council. The Council applied for and was granted a Small Society Lotteries registration under the Gambling Act 2005 (Registration LOTT/11/02560 refers). A total of £250 is recorded as Receipts in the year 2020/21 from the Village Lottery. The Clerk/RFO completed the annual Gambling Act documentation relating to the Village Lottery on 30 November 2020 for submission to Mid Suffolk District Council.

7. Petty Cash (*Associated books and established system in place*).

7.1 A Petty Cash system is not in use; an expenses system is in place with on-line payments being made for expenses incurred.

8. Transparency Code (Compliance for smaller councils with income/expenditure under £25,000).

8.1 Under the provisions of the Transparency Code, Creeting St Peter Parish Council can be designated as a 'Smaller Council'.

8.2 The Council's website is: <http://creetingstpeter.suffolk.cloud/parish-council/>

8.3 Smaller Councils should publish on their website:

- a) All items of expenditure above £100. Published on website.
- b) Annual Governance Statement: 2019/20 AGAR Annual Return Section One. Published on website.
- c) End-of-Year accounts: 2019/20 AGAR Annual Return, Section Two. Published on website.
- d) Annual Internal Audit report: 2019/20 AGAR Annual Return. Published on website.
- e) List of councillor or member responsibilities. Published on website.

- f) *The details of public land and building assets (Asset Register). Published on website.*
- g) *Minutes, agendas and meeting papers of formal meetings. Published on website.*

8.4 The Council is complying with the requirements of the Transparency Code.

8.5 The Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015 required the Council to publish a 'Notice of Public Rights and Publication of Annual Governance and Accountability Return (Exempt Authority)' on a publicly accessible website. The Internal Auditor was able to confirm that the document for the year 2019/20 was readily accessible on the Council's website and displayed the Date of Announcement, Details of Person to contact to view the accounts and the Details of the person making the announcement.

8.6 The remaining documents required to be published, as listed in the AGAR Page 1 Guidance Notes (including Certificate of Exemption, bank reconciliation and analysis of variances) were confirmed at the date of the audit as being easily accessible on the Council's website.

9. Payroll Controls (*PAYE and NIC in place; compliant with HMRC procedures; records relating to contracts of employment*).

9.1 The Council is registered with HMRC and the Payroll is being operated in-house in accordance with HMRC requirements. The P60 End of Year Certificate for the Clerk/RFO was presented to Internal Audit.

9.2 At its meeting on 18 March 2019 the Council considered the grading of the Clerk/RFO's post with reference to the national pay scales. It was noted that the Clerk/RFO had gained the Certificate in Local Council Administration (CiLCA) and it was agreed that the post be confirmed at SCP 22 (SCP 12 under the revised salary scales) (Minute CSP118/18/19 refers).

9.3 With regard to the workplace pensions legislation, the Council wrote to the Clerk/RFO on 2 May 2017 outlining the scheme and the criteria and confirmed that Mrs Blackburn did not become a member of the scheme automatically but had the option to join the scheme. Mrs Blackburn decided not to join the scheme.

9.4 The Pensions Regulator has confirmed that on 25 March 2020 the Council submitted a re-declaration of compliance in accordance with the requirements of the Pensions Act 2008. (The re-declaration of compliance confirms to the Pensions Regulator that the Council complies with its duties as an employer and has to be completed every three years).

10. Assets Controls (*Inspection of asset register and checks on existence of assets; recording of fixed asset valuations; cross checking on insurance cover*).

10.1 An Asset Register is in place. The total value of £28,700.64 as at 31 March 2021 displays a reduction of £233.67 in the value as at the end of the previous year and reflects the disposal of an old laptop computer (£450) and the addition of the Council's contribution towards the cost of a new laptop computer (£216.33).

10.2 The Register complies with the current requirements which provide that each asset should be displayed at a consistent value, year-on-year. The assets are recorded at purchase cost (where known) or a community value of £1 in appropriate cases. The value has been correctly entered into Box 9 of Section 2 of the 2020/21 AGAR.

11. Bank Reconciliation (*Regularly completed and cash books reconcile with bank statements*).

11.1 Bank Reconciliations are regularly presented to Council and noted in the Minutes.

11.2 The bank statements for the following accounts were presented to Internal Audit:

Barclays Community (Current) Account (as at 31 March 2021)
Barclays Play Area Account (as at 19 March 2021)
Barclays IAS Savings Account (as at 19 March 2021)
Barclays Fen Alder Carr Nature Reserve Account (as at 19 March 2021)
Barclays Lottery Account (as at 19 March 2021)

11.3 The above bank statements reconciled with the End-of Year accounts and agreed with the overall Bank Reconciliation. Regarding the statements as at 19 March 2021, the Clerk/RFO advised the Internal Auditor that she had examined the balances on-line as at 31 March 2021 and had confirmed that they had remained unchanged since 19 March 2021.

12. Year End procedures (*Regarding accounting procedures used and can be followed through from working papers to final documents. Verifying sample payments and income. Checking creditors and debtors where appropriate*).

12.1 End-of-Year accounts are prepared on a Receipts and Payments basis and were in good order. Sample audit trails were undertaken and were found to be in order.

13. Internal Financial Controls, Payments Controls and Audit Procedures
(Confirmation that the Council has satisfactory internal financial controls in place for making payments with adequate documentation to support/evidence payments made. Any previous audit recommendations implemented).

13.1 The Council has satisfactory internal financial controls in place. The Clerk/RFO provides financial reports to Council meetings and Councillors are provided with information to enable them to make informed decisions. The Council receives details of the financial position of the Council, including balance of the accounts, payments for authorisation and receipts since the last meeting.

13.2 Payments and receipts are listed in the Council's Minutes as part of the overall financial control framework.

13.3 Payments are being made through online banking. The Clerk/RFO is the Service Administrator who initiates payments and is one of the two signatories that Barclays Bank require. The Council recognised that this procedure was not in line with the Council's Financial Regulations (which required authorisation by two Parish Councillors before payment is released) and at its meeting on 26 May 2020 the Council agreed to temporarily amend Financial Regulations to reflect the payment authorisation procedure until such time as the bank accounts could be changed.

13.4 The Clerk/RFO confirmed that payments are authorised at a meeting of the Council and the Chair authorises the payment as the second signatory. The Internal Auditor was advised that the Council plans to change to a Bank where a three-signatory procedure is available.

13.5 The Internal Audit Report for the previous year, 2019/20, was received and approved by the Council at its meeting on 26 May 2020 and recommendations noted (Minute CSP 05/20/21 refers). The Report had put forward the following recommendations:

- a) *The Council should review and re-adopt the Local Code of Conduct during the year 2020/21 in order to meet good governance practice. (The Code was approved by the Council at its meeting on 26 May 2020, Minute CSP/07/20/21 refers).*
- b) *The Council should amend its Financial Regulations to reflect that the current internet banking arrangements shall be allowed temporarily until the Council changes to a Bank that provides a three-signatory procedure. (This issue was addressed by the Council at its meeting on 26 May 2020, Minute CSP/06/20/21 refers).*
- c) *The Council should ensure that the Internet Banking payment confirmation is attached to the appropriate paid invoice/voucher to secure an adequate audit trail. (The Clerk/RFO is maintaining a Transaction List and updating the List following each electronic payment).*

13.6 The Internal Auditor for the 2020/21 year was appointed by the Council at the meeting held on 15 March 2021 (Minute CSP073/20/21e refers).

14. External Audit (*Recommendations put forward/comments made following the annual review*).

14.1 An External Audit was not required in the year 2019/20. At its meeting on 26 May 2020 the Council approved the Certificate of Exemption from a Limited Assurance Review and agreed that it should be signed by the Chair and the Clerk/RFO (Minute CSP/08/20/21 refers).

14.2 For the year 2020/21 the Council may similarly apply for Exemption from a Limited Assurance Review under Section 9 of the Local Audit (Smaller Authorities) Regulations 2015 as the higher of gross income or gross expenditure did not exceed £25,000 in the year of account. This was noted by the Council at its meeting on 15 March 2021 (Minute CSP073/20/21f refers).

15. Additional Comments.

15.1 I would like to record my appreciation to the Clerk to the Council for her assistance during the course of the audit work.

Trevor Brown

Trevor Brown, CPFA

Internal Auditor

6 May 2021